

# Income of the Aged Chartbook

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## Foreword

The “Aging of America” will be the first great challenge of this new century. The number of older Americans will more than double in the next 30 years, and we must answer the question of how we can best provide for their retirement years.

This chartbook provides a concise, convenient, and valuable resource for anyone who is interested in this question. The charts tell a story that needs to be better understood by researchers, policymakers, and the general public: Social Security retirement benefits are now the major source of income for two-thirds of the aged population, and virtually the only source of income for one in three older Americans. Also, Social Security income is nearly universal among retirees, but far fewer retirees receive private pension or investment or asset income.

The chartbook also makes clear that income among the aged varies greatly, and that the variables of race, ethnicity, sex, and marital status are significant. The data also show that Social Security is the primary deterrent against poverty for most older Americans. The need for such information has never been more important.

If the nation’s 76 million baby boomers are to prepare adequately for their retirement years, they will need a clear comprehension of what income they can count on in those years. This objective and reader-friendly chartbook is part of the effort that the Social Security Administration is making to help Americans understand the role of Social Security and other sources of retirement income.

Kenneth S. Apfel  
Commissioner of Social Security

Since 1941, the Social Security Administration has periodically surveyed the aged to determine their economic status. The first national survey was conducted in 1963. In 1976, SSA's Office of Research and Statistics began compiling a biennial series of reports on the income of the aged based on data collected by the Bureau of the Census in its Current Population Survey. These reports are published under the title *Income of the Population 55 or Older*. The most recent edition contains 1998 data and is the source, along with special tabulations, for this chartbook.

The unit of analysis here, with the exception of measures of poverty, is the "aged unit" and not the household, the family, or unrelated individuals, as are used by the Bureau of the Census. The aged unit is either a married couple living together, with husband or wife aged 65 or older (generally measured by the age of the husband), or a person 65 or older who does not live with a spouse. The unit of analysis for poverty is persons aged 65 or older.

The 1998 sample represented 10,158,000 couples and 14,487,000 single units. The single person unit may be a widow(er), a divorced or separated person, a legally married person who does not live with a spouse, or a person who never married. This unit of analysis allows one to measure the economic status of the entire noninstitutionalized aged population separately from that of the family or household in which the unit may live.

This chartbook was compiled in the Division of Program Studies. For additional copies of this publication, please call the Division of Information Resources at 202-358-6274 or e-mail [ores.publications@ssa.gov](mailto:ores.publications@ssa.gov). It is also available on our Web site at [www.ssa.gov/policy](http://www.ssa.gov/policy). For questions related to the content of the charts, please contact Alexander Estrin by telephone at 202-358-6219 or e-mail [alexander.i.estrin@ssa.gov](mailto:alexander.i.estrin@ssa.gov).

Paul N. Van de Water  
Associate Commissioner  
for Research, Evaluation, and Statistics

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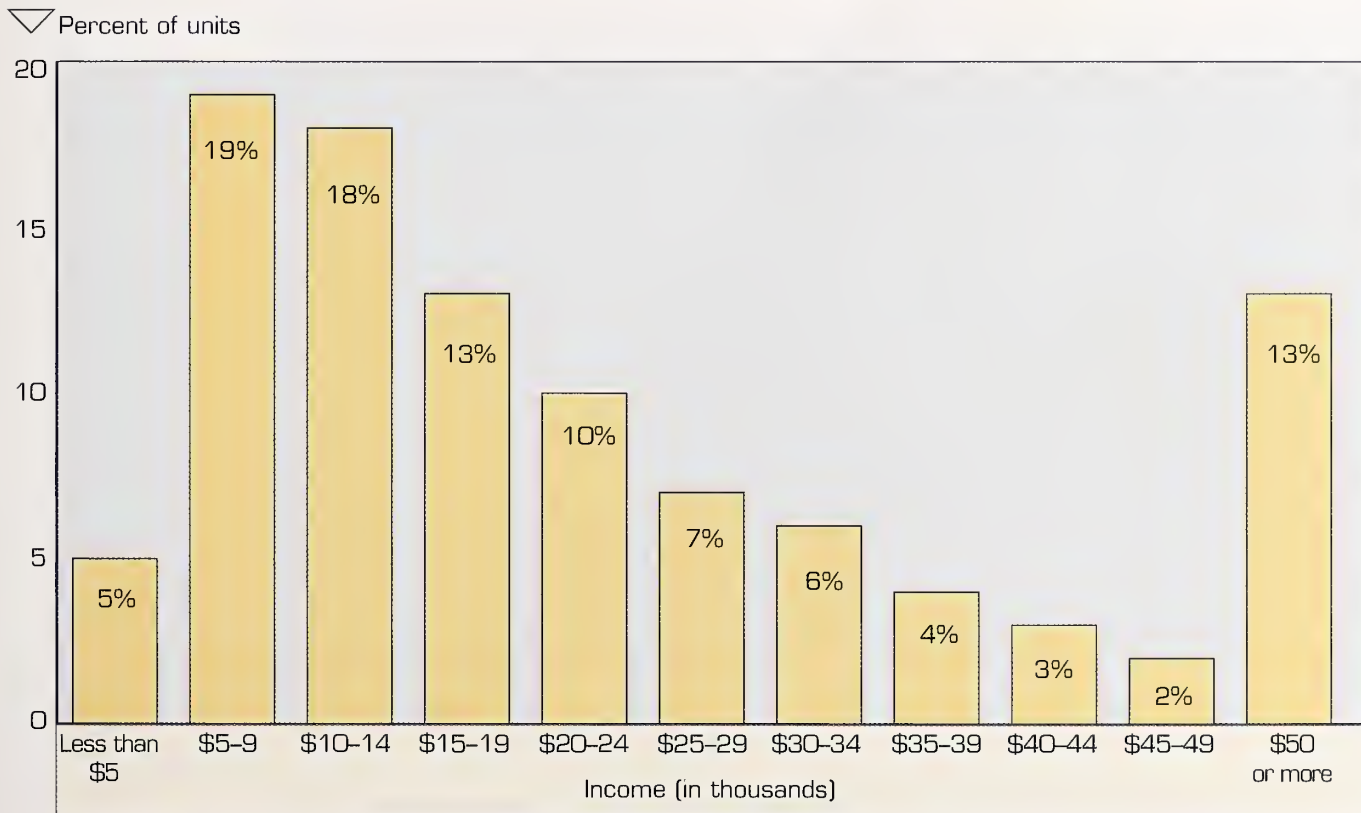
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## Size of total income, 1998

### The aged are an economically diverse group

Median income for all aged units is \$17,777, but there are wide differences within the total group. About 17% have an income of under \$8,000 (compared to the 1998 poverty threshold of \$7,818 for one person aged 65 or older), and 13% have an income of \$50,000 or more.

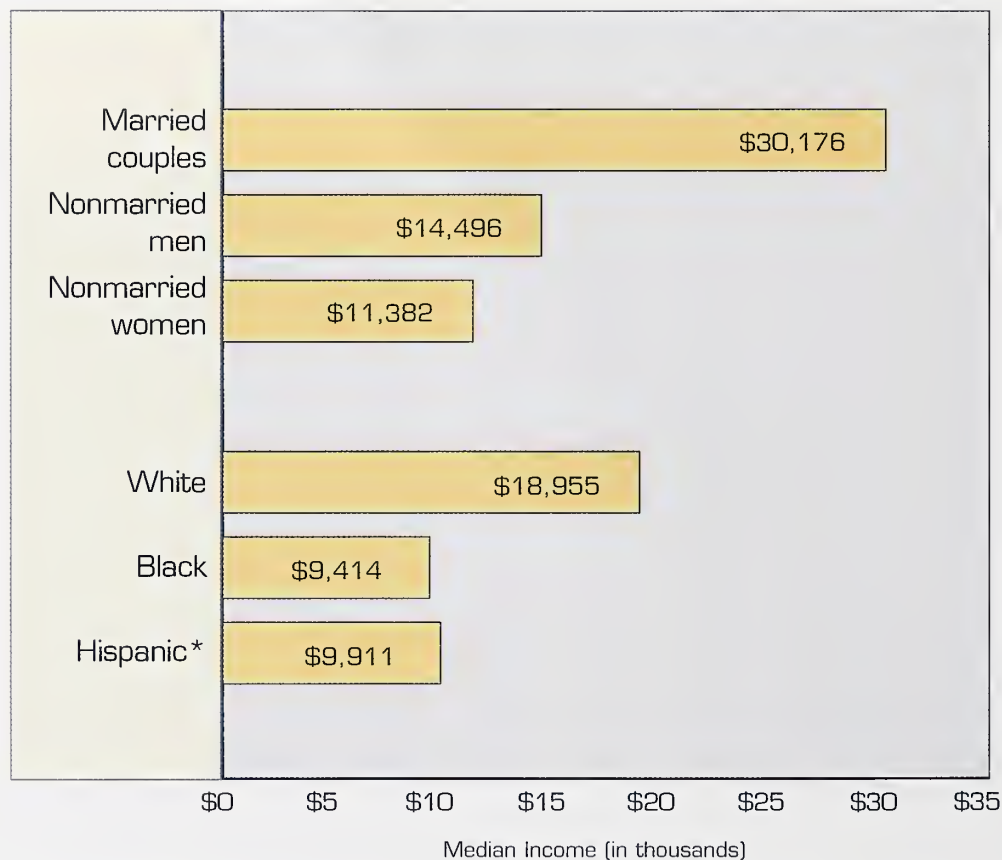




## Median income, by marital status, race, and Hispanic origin, 1998

### Demographic differences are associated with different levels of income

Income is highest for married couples, who have a median income more than twice that of nonmarried men and more than 2½ times that of nonmarried women. Whites have a median income double that of blacks, and more than 90% greater than Hispanics.



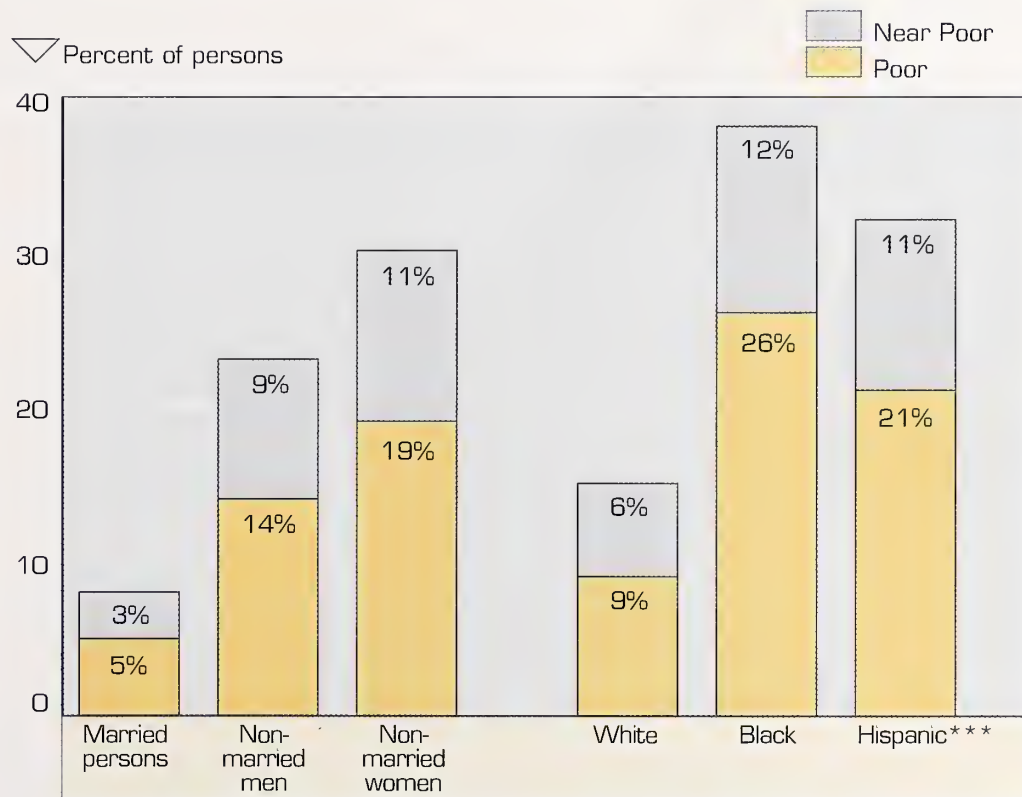
\*Persons of Hispanic origin may be of any race.



## Poverty status, by marital status, race, and Hispanic origin, 1998

### Nonmarried and minority aged have high proportions who are poor or near poor

The variations in income by marital status and by race are reflected in the poverty rates\* for these subgroups of the aged. Nonmarried men, nonmarried women, and minorities have the highest poverty rates, ranging from 14% to 26%. When the near poor\*\* are included, the rates for nonmarried persons and nonwhites range from 23% to 38%.



\*Based on family income of aged persons to conform with official measures of poverty.

\*\*The near poor are defined as having income between the poverty line and 125% of the poverty line.

\*\*\*Persons of Hispanic origin may be of any race.

## Income differences by age are due in part to marital status differences

In every successively older age group, median income is generally lower. The striking differences by age are due in part to the disproportionate number of nonmarried women in older age groups. In every age group, nonmarried women have a lower median income than nonmarried men or married couples. Also, nonmarried women far outnumber the others in the older age groups.

Median income and percent of units, by age, sex, and marital status

Sex and marital status	65-69	70-74	75-79	80-84	85 or older
Median income					
Married couples	\$35,134	\$30,345	\$27,874	\$25,680	\$24,345
Nonmarried men	15,215	14,399	14,118	14,968	13,750
Nonmarried women	12,193	11,675	11,344	11,509	10,446
Percent of units					
Total number (in thousands)	6,483	6,179	5,333	3,834	2,815
Total percent	100	100	100	100	100
Married couples	52	46	41	33	17
Nonmarried men	14	14	14	13	18
Nonmarried women	33	39	45	54	64

Percents may not sum to 100 due to rounding.

Median income, by age





## The oldest age group has the highest poverty rate

In addition to the lower median income of older age groups, poverty rates are often higher for those who are older. As with income, the large proportion of nonmarried women in the older age groups contributes to the difference in poverty rates by age. Nonmarried women are more likely than married persons to be poor or near poor in every age group.

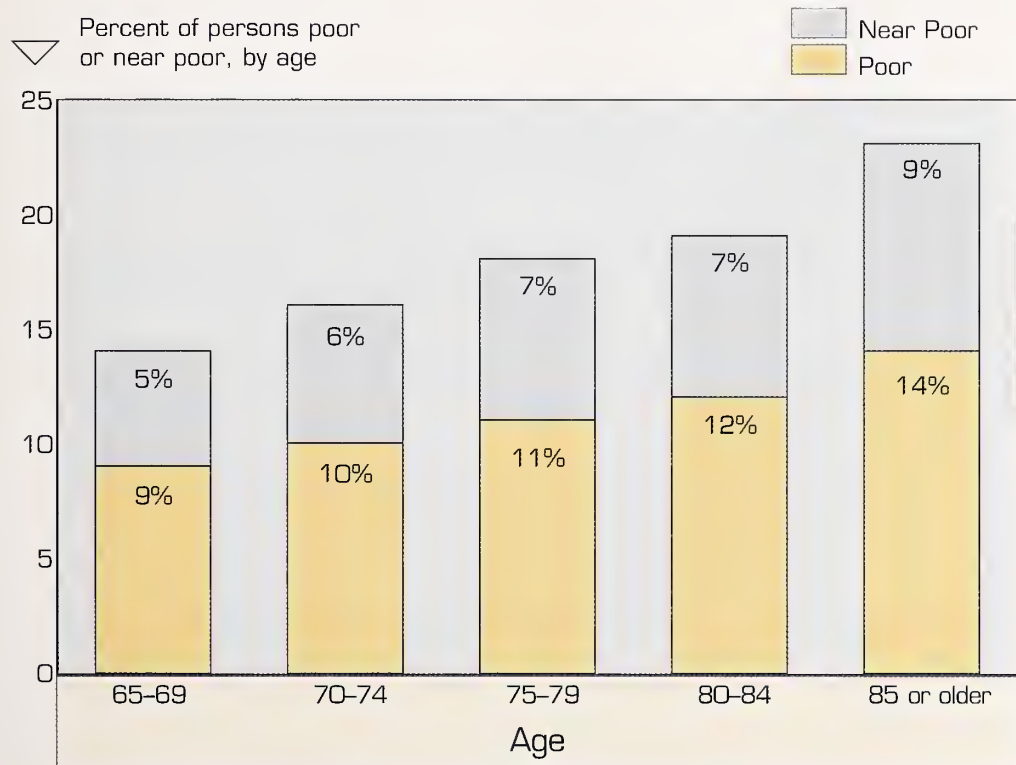
Poverty status,\* by age, sex, and marital status

Age	Married persons	Nonmarried men	Nonmarried women
Percent poor			
65-69	4	16	19
70-74	5	15	18
75-79	6	14	20
80-84	6	11	18
85 or older	7	9	19
Percent poor or near poor**			
65-69	7	27	29
70-74	8	24	29
75-79	9	23	30
80-84	9	18	28
85 or older	12	14	30

\*Based on family income of aged persons to conform with official measures of poverty.

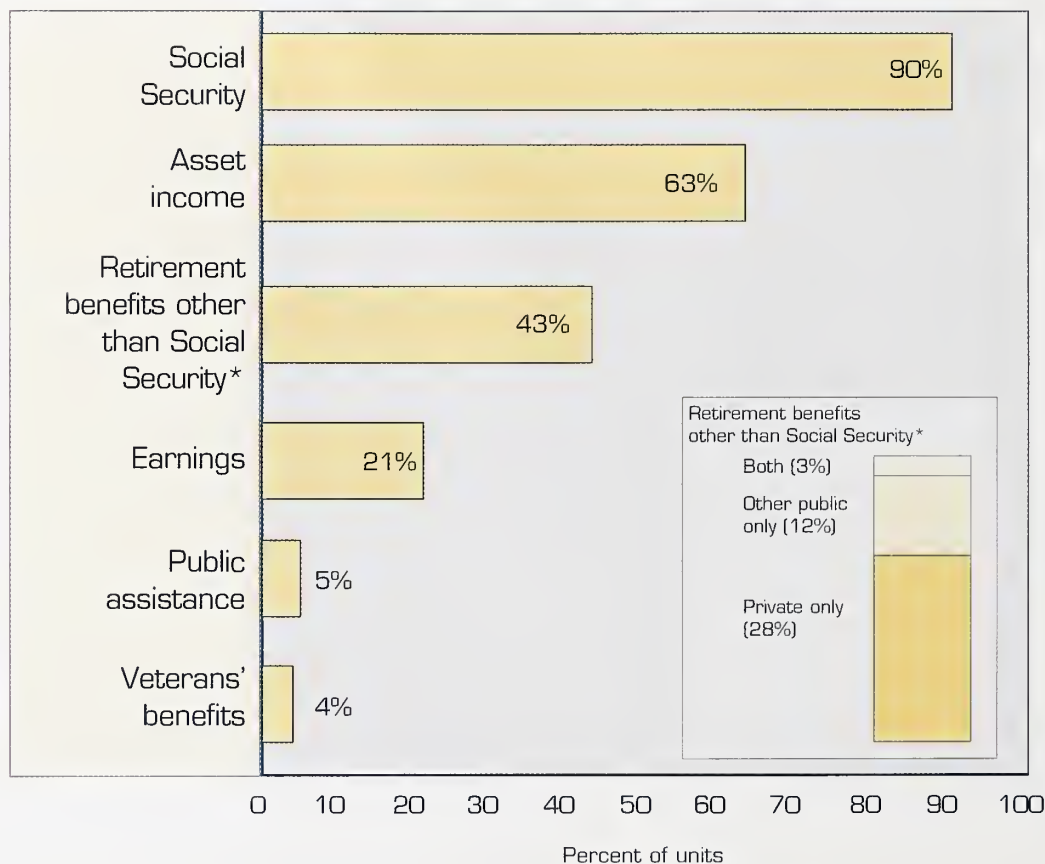
\*\*The near poor are defined as having income between the poverty line and 125% of the poverty line.

## Poverty status, by age



## Social Security is a source of income for nearly all the aged

Nine out of 10 aged units receive Social Security benefits. Asset income is the next most common source of income, received by nearly two-thirds of the aged. Less than half (43%) receive pensions other than Social Security, and only 21% have earnings. Public assistance is received by 5% and veterans' benefits by only 4%.



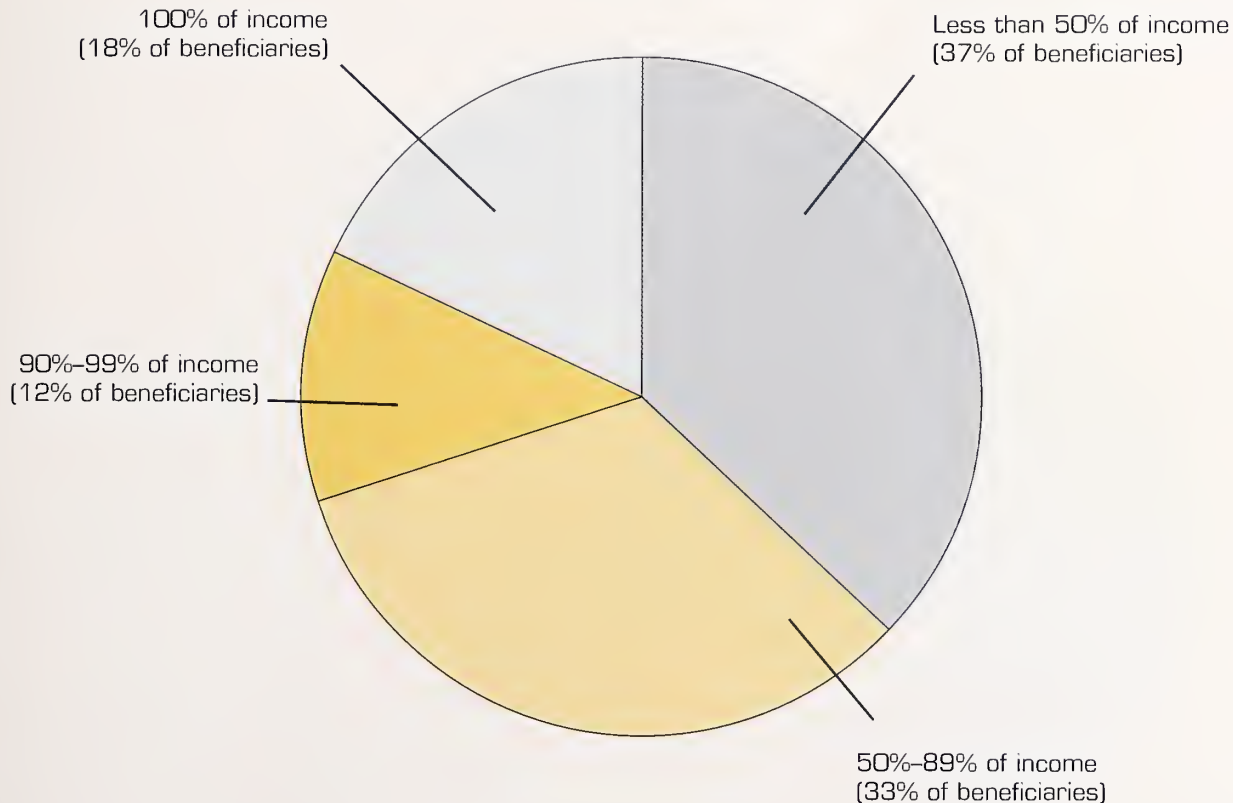
\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.



## Percent of income from Social Security, 1998

### Social Security provides at least half of total income for a majority of beneficiaries

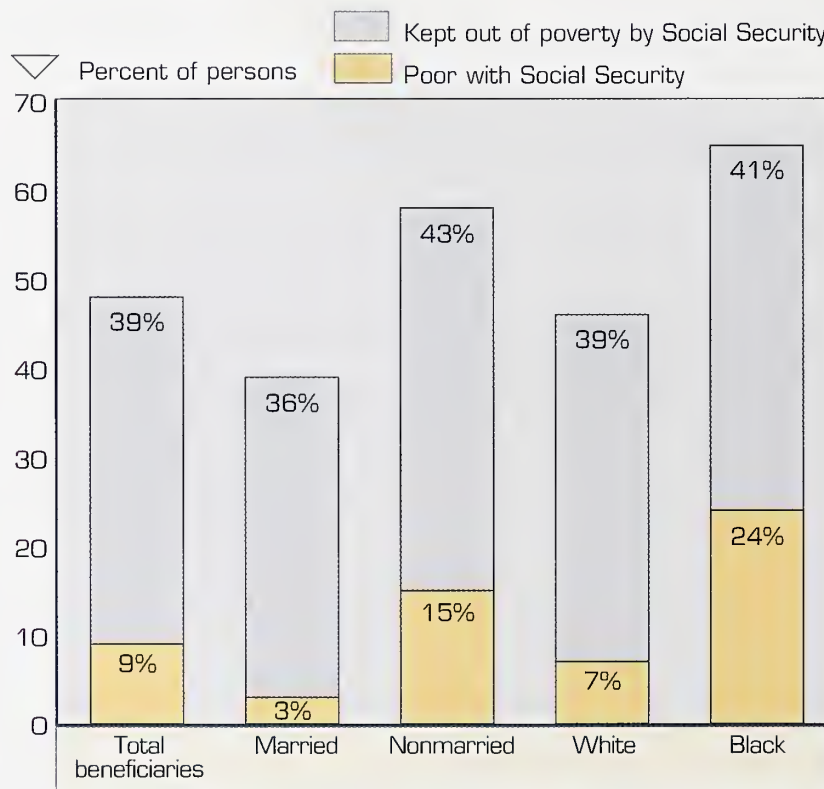
Social Security pays benefits to more than 90% of those aged 65 or older. It is the major source of income (providing 50% or more of total income) for 63% of the beneficiaries. It contributes 90% or more of income for almost one-third of the beneficiaries and is the only source of income for 18% of them.



## Social Security's role in reducing poverty, by marital status and race, 1998

### Social Security plays a pivotal role in reducing poverty

Although there are aged beneficiaries with family income below the poverty line,\* the poverty rate would be much higher if they did not have Social Security benefits. Nine percent of aged beneficiaries are poor, and 39% are kept out of poverty by their Social Security benefits—so that the total poverty rate without Social Security would be 48%. Although poverty rates vary considerably by marital status and race, the proportion kept out of poverty by their Social Security benefits is about 40% for all groups.



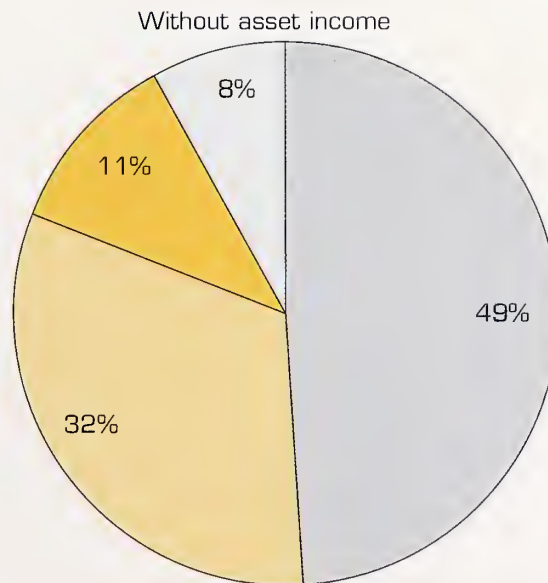
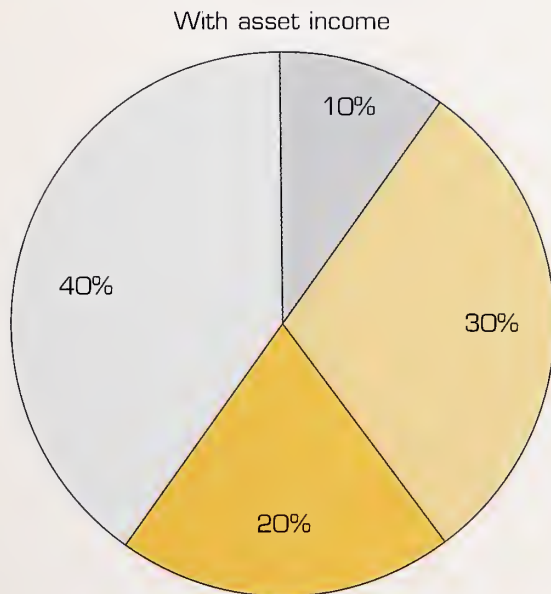
\*Based on family income of aged persons to conform with official measures of poverty.

## Size of income, by receipt of asset income, 1998

### Receipt of asset income is associated with relatively high median income

The median income of those with asset income is more than twice as large as that of those with no asset income (\$24,423, compared to \$10,041). Aged units with no asset income are concentrated in the lowest income categories—49% have a total income below \$10,000, and only 8% have an income of \$30,000 or more. Among aged units with asset income, 10% have a total income below \$10,000, and only 8% have an income of \$30,000 or more.

Size of total income (in thousands)

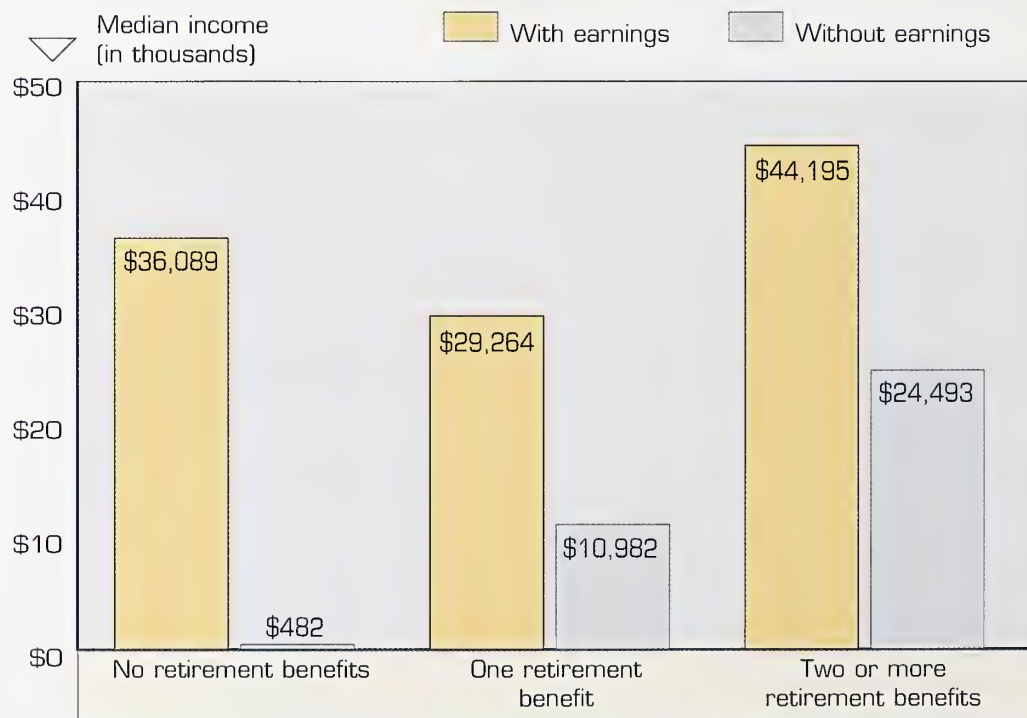




## Median income, by receipt of earnings and retirement benefits, 1998

### Receipt of earnings and retirement benefits also affects income size

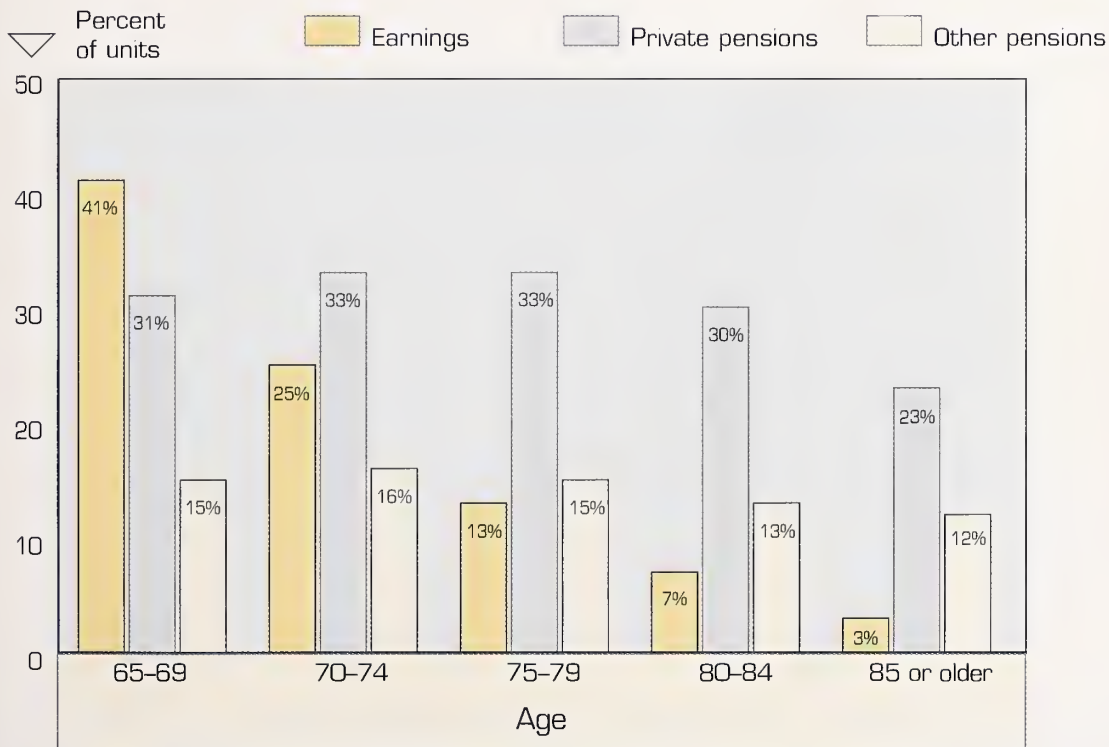
About 7% of aged units have no retirement benefits. Of these, 38% have earnings; their median income is \$36,089. Sixty-two percent have no earnings, and their median income is only \$482. In the absence of earnings, median income rises markedly with the number of retirement benefits received, from \$10,982 with one retirement benefit to \$24,493 with two or more. For units with both earnings and retirement benefits, median incomes are \$29,264 for those with one retirement benefit and \$44,195 for those with more than one.



## Receipt of income from earnings and pensions, by age, 1998

### Age groups differ in their likelihood of receiving earnings and pensions

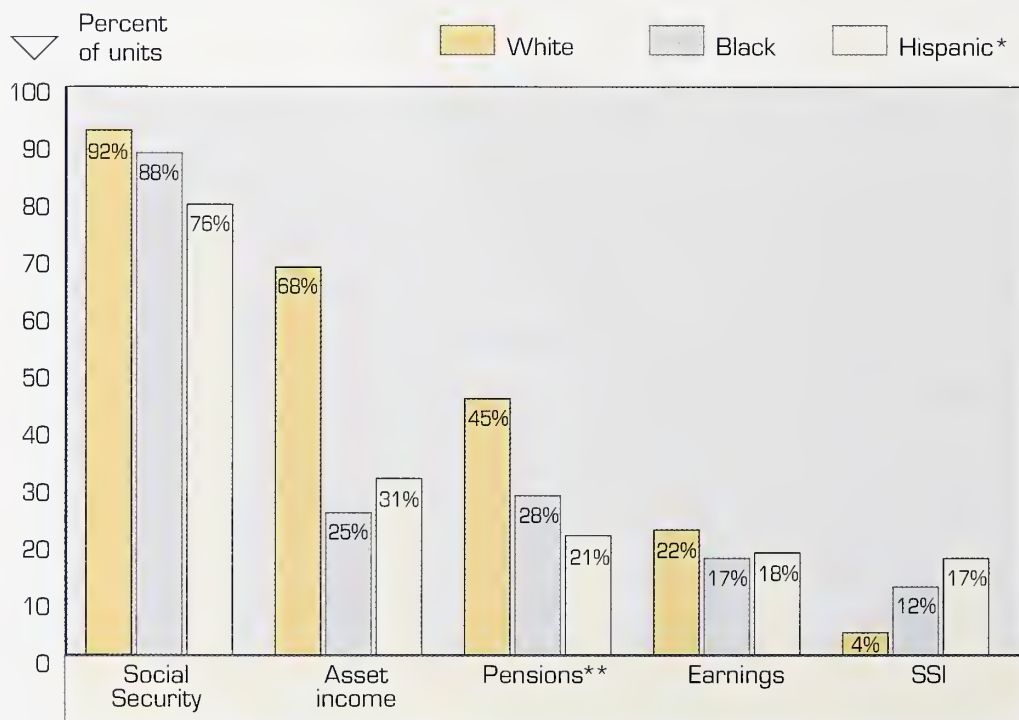
Earnings are much more common in the youngest age group than in the oldest group—41% compared to 3%. Private pensions and other pensions are also more common among the younger groups than the older ones. For the youngest group, earnings are a more common source of income than are either private or other pensions. Among the older cohorts, private pensions are a more common source of income than are earnings or other pensions.



## Receipt of income, by source, race, and Hispanic origin, 1998

### Receipt of income from major sources varies by race and Hispanic origin

Among the aged, whites and blacks are somewhat more likely than Hispanics to receive Social Security. Whites are much more likely than blacks or Hispanics to receive income from assets and from pensions. The groups are about equally likely to have earnings. Minority aged units are much more likely to receive Supplemental Security Income (SSI) than are whites.



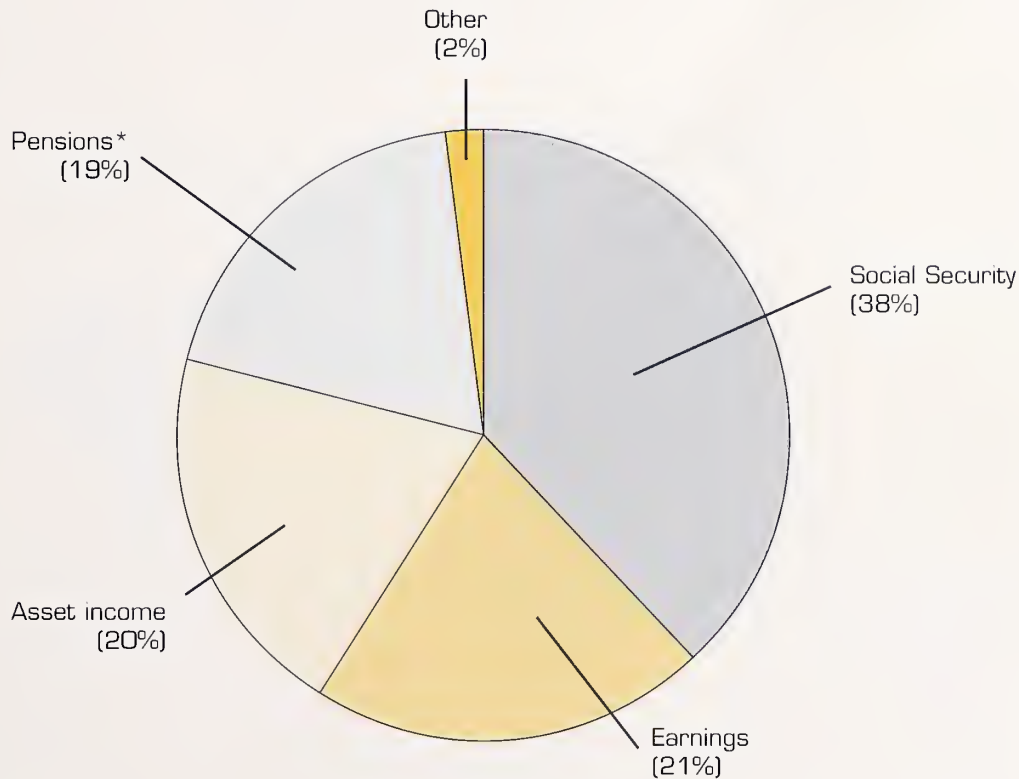
\*Persons of Hispanic origin may be of any race.

\*\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.



### Social Security provides the majority of income for the aged

Money income for the population 65 or older comes largely from four sources. Social Security provides the largest portion—38%. Earnings, asset income, and pensions other than Social Security account for 21%, 20%, and 19%, respectively. Only 2% comes from other sources.



\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## Share of income, by source and income level, 1998

### The share supplied by each income source differs greatly by income level

Aged units are ranked by total income and divided into five groups of equal size called quintiles. Persons in the lowest quintile have the largest share of total income from Social Security benefits (82%), and public assistance provides the second largest share (10%). For those in the highest income quintile, earnings provides the highest share of income (31%), income from assets is the next most important (28%), followed by pensions (20%) and Social Security (18%).

Shares of income, by quintiles of total income

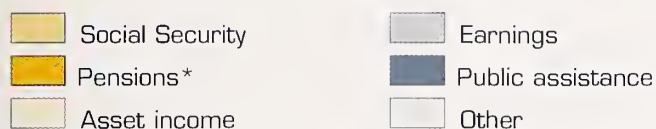
Source	Lowest	Second	Third	Fourth	Highest
Total percent	100	100	100	100	100
Social Security	82	80	64	45	18
Pensions*	3	7	15	24	20
Asset income	2	6	10	14	28
Earnings	1	3	7	13	31
Public assistance	10	2	1	**	**
Other	2	2	3	3	2

\* Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

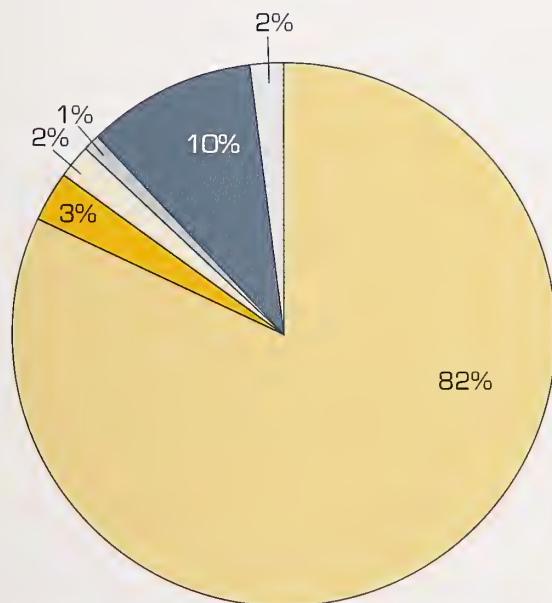
\*\* Less than 0.5%.

Percents may not sum to 100 due to rounding.

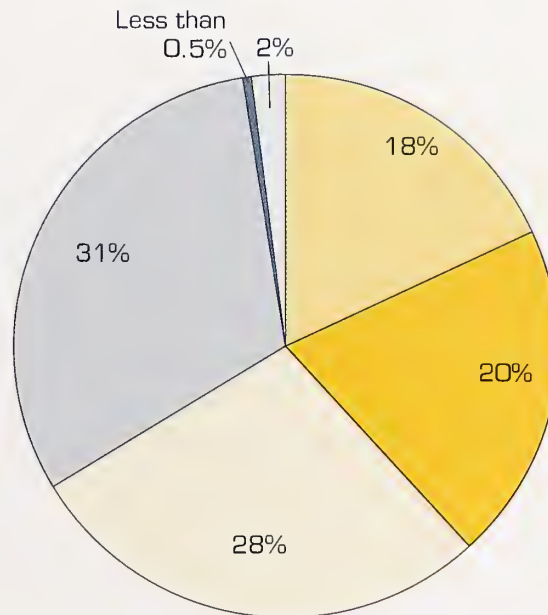
## Shares of income for aged units in the lowest and highest income quintiles



Lowest quintile



Highest quintile



\* Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## Median real income has risen substantially over the years

Between 1962 and 1998, the income of the aged increased even when adjusted for inflation. The increase was 95% for married couples and 98% for nonmarried persons. There were disproportionate increases by race. Between 1967 and 1998, the income of whites increased by 104%; that of blacks increased by 44%.

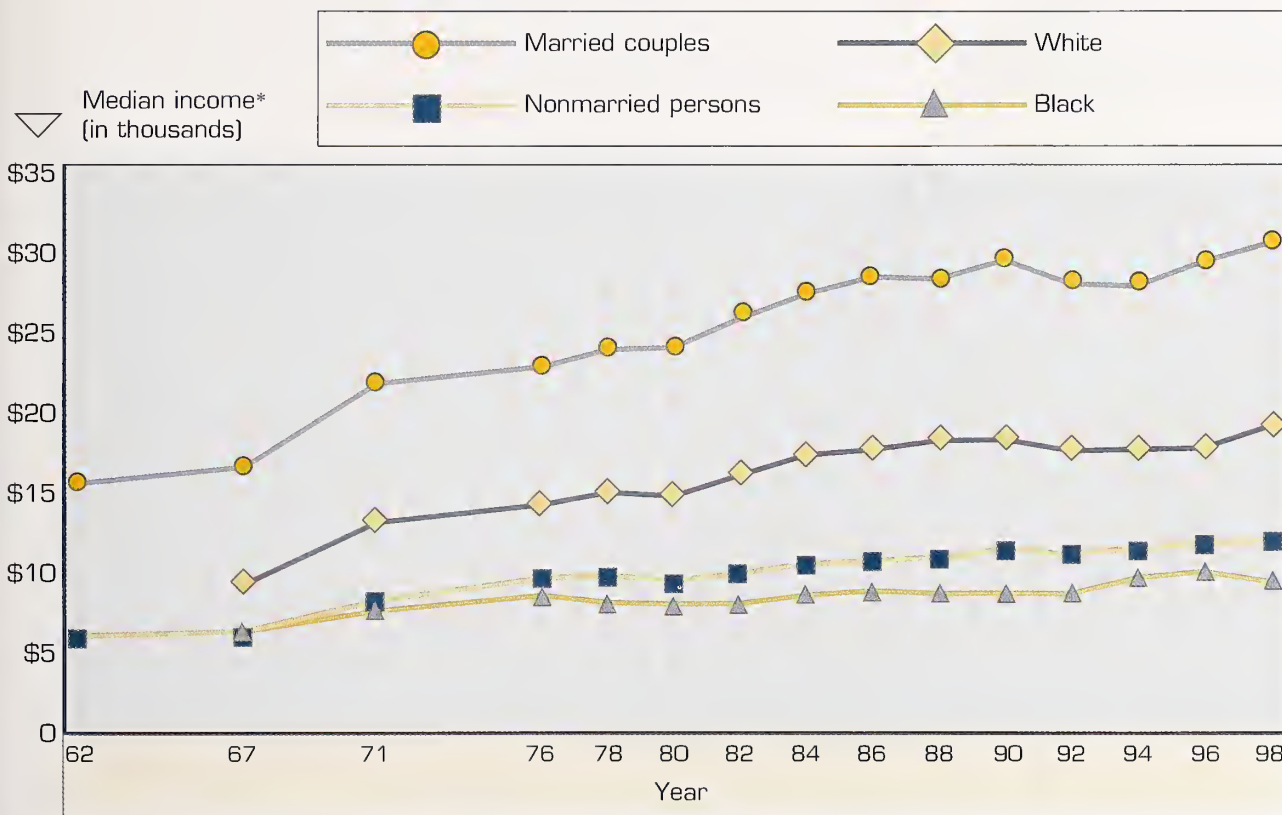
Median income in 1998 dollars, by marital status and race, selected years

Year	Marital status		Race	
	Married couples	Nonmarried persons	White	Black
1962	\$15,466	\$6,079	*	*
1967	16,461	6,374	\$9,282	\$6,559
1971	21,564	8,247	13,064	7,619
1976	22,602	9,625	14,151	8,565
1978	23,650	9,775	14,900	8,125
1980	23,777	9,456	14,678	8,031
1982	25,556	9,932	15,962	8,074
1984	27,062	10,495	17,194	8,581
1986	28,094	10,678	17,520	8,849
1988	27,977	10,924	18,073	8,685
1990	29,123	11,408	18,136	8,714
1992	27,670	11,100	17,455	8,670
1994	27,546	11,444	17,544	9,649
1996	29,030	11,741	17,613	10,024
1998	30,176	12,015	18,955	9,414

\*Not available.



## Change in median income



\*In 1998 dollars.

## Change in income sources since 1962

### Receipt of Social Security has become nearly universal since 1962

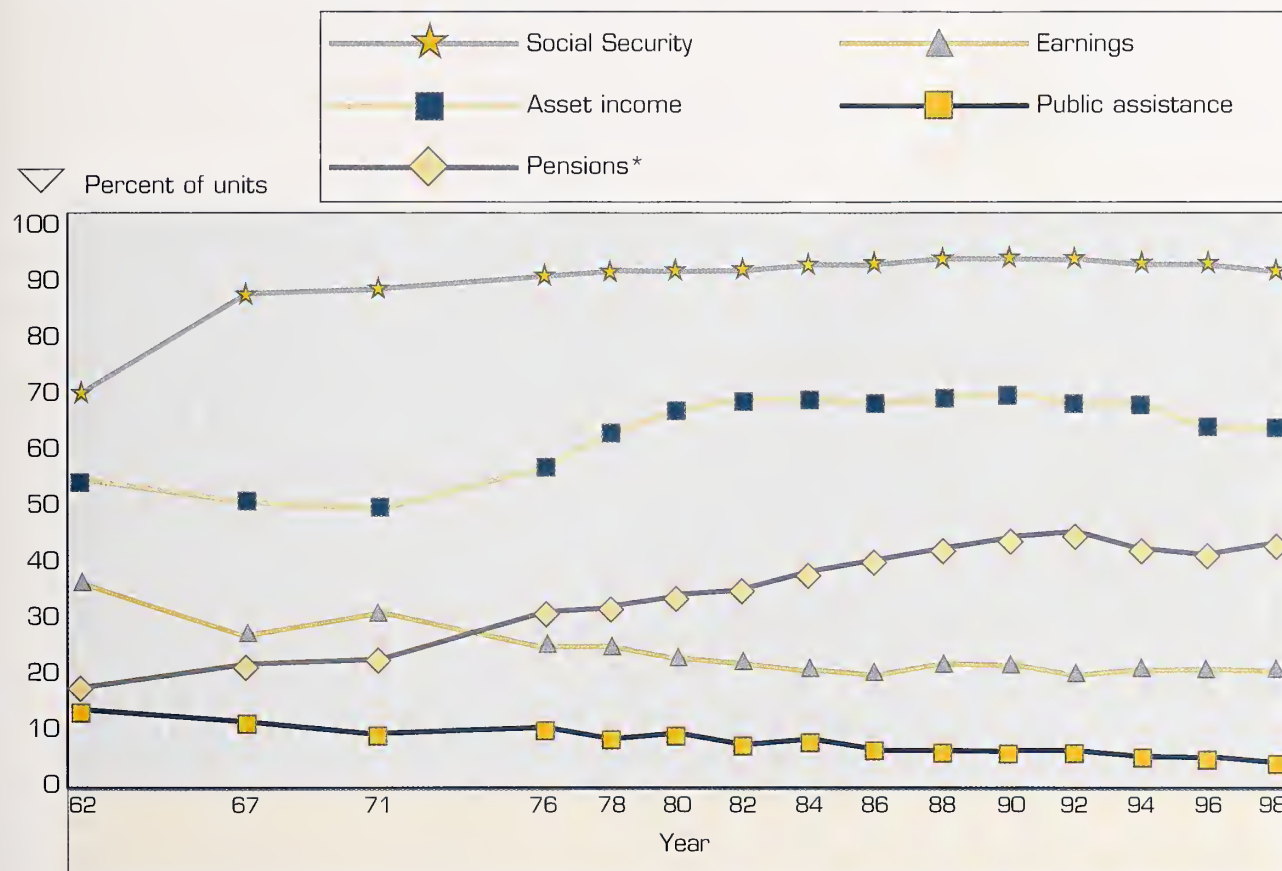
In 1962, 69% of the aged received Social Security benefits; in 1998, 90% of them did. Most of that increase occurred in the 1960s. Receipt of other pension income, which more than doubled from 1962 to 1992, has decreased slightly since then. The proportion of aged units with asset income, which had been about two-thirds since 1980, has dropped slightly since 1994. The proportion with earnings has declined since 1962, and since 1982 has been about 21%. The proportion receiving public assistance has also declined and is now about a third of its 1962 level.

Sources of income, selected years

Year	Social Security	Asset income	Pensions*	Earnings	Public assistance
1962	69%	54%	18%	36%	14%
1967	86	50	22	27	12
1971	87	49	23	31	10
1976	89	56	31	25	11
1978	90	62	32	25	9
1980	90	66	34	23	10
1982	90	68	35	22	8
1984	91	68	38	21	9
1986	91	67	40	20	7
1988	92	68	42	22	7
1990	92	69	44	22	7
1992	92	67	45	20	7
1994	91	67	42	21	6
1996	91	63	41	21	6
1998	90	63	43	21	5

\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

## Change in sources of income



\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

### Social Security continues to provide the largest share of total income for the aged

In 1962, Social Security provided the largest share of income for the aged, followed closely by earnings. In 1998, Social Security continues to provide the largest share but by a much wider margin compared to the other major sources of income. The share from asset income increased for over 20 years and has generally declined since the mid-1980s. The share from earnings has had the opposite pattern—declining until the mid-1980s and increasing since then. The share from pensions more than doubled over that period.

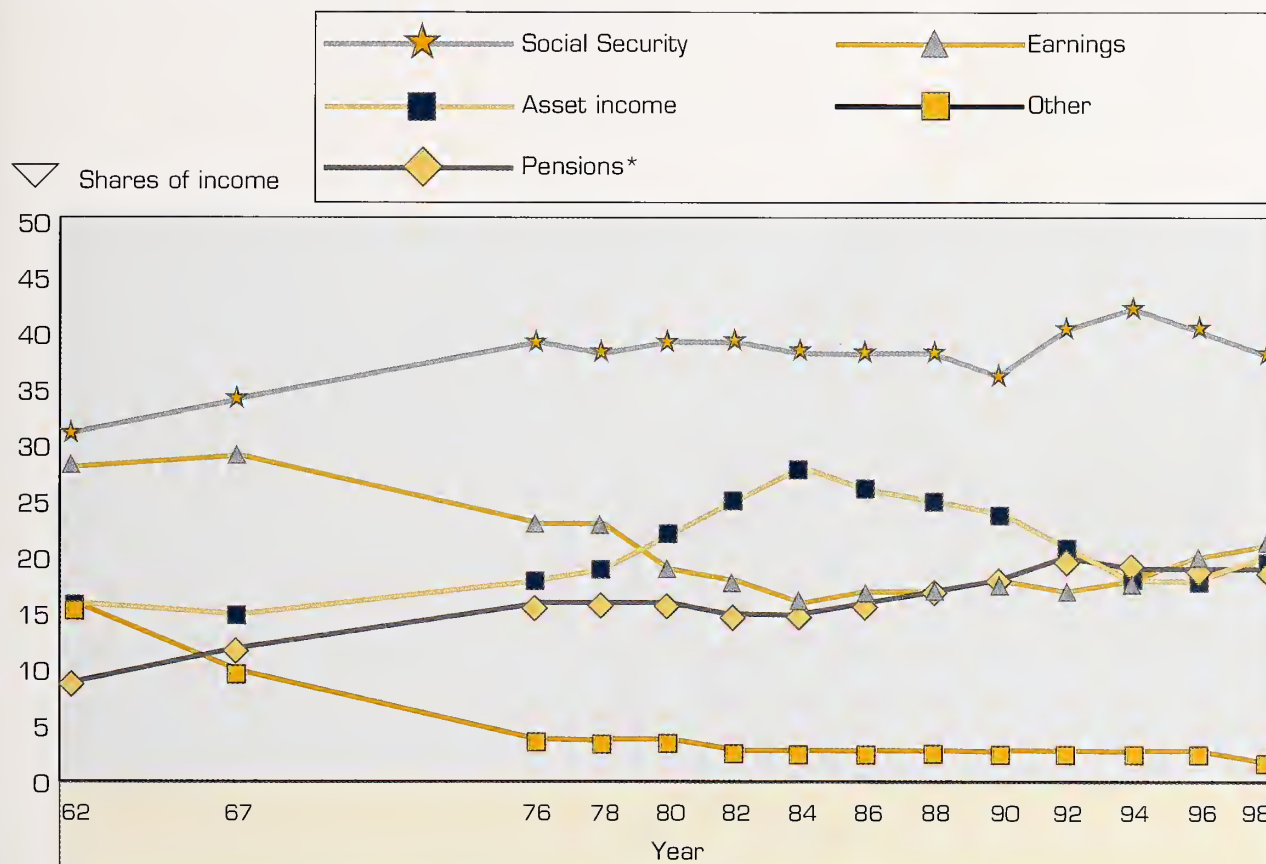
Shares of income from various sources, selected years

Year	Social Security	Asset income	Pensions*	Earnings	Other
1962	31%	16%	9%	28%	16%
1967	34	15	12	29	10
1976	39	18	16	23	4
1978	38	19	16	23	4
1980	39	22	16	19	4
1982	39	25	15	18	3
1984	38	28	15	16	3
1986	38	26	16	17	3
1988	38	25	17	17	3
1990	36	24	18	18	3
1992	40	21	20	17	3
1994	42	18	19	18	3
1996	40	18	19	20	3
1998	38	20	19	21	2

\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.



## Change in shares of income



\*Includes private pensions and annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.



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